

20 KAR 1:050. Unclaimed property; examination of holder records.

RELATES TO: KRS 393.010, 393.110, 393.160, 393.280

STATUTORY AUTHORITY: KRS 393.280

NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation relates to the examination of holder records by the department if any holder fails to make a full and complete report of property as required by KRS Chapter 393.

Section 1. If any holder fails to make a full and complete report of property as required by KRS Chapter 393, the department, after giving notice as provided in subsection (1) of this section, may examine the records and other accounts of the holder.

(1) The department shall notify the holder in writing ten (10) days prior to an examination. However, if the department determines that the existence of the records may be placed in jeopardy unless action is taken forthwith, the department may examine all records immediately without any prior notice.

(2) The examination may include:

(a) Records of current accounts, dormant accounts, and accounts that may have been closed and archived;

(b) Verification of contractual agreements between depositors and the final organization regarding the deduction of service charges, account increases or decreases, and the cessation of interest payments; and

(c) In addition to the examination of unclaimed accounts and contractual agreements, the examiner may review the holder's annual procedures for reviewing dormant accounts.

(3) The department shall have reason to believe that a holder has failed to comply with the reporting requirements of KRS Chapter 393 and may examine the records of the holder if one (1) of the following conditions exist:

(a) A holder has not submitted a report to the department;

(b) A holder has submitted reports to the department in which the holder's report states it has no unclaimed property;

(c) A holder fails to report types of unclaimed property normally reported by like businesses or associations;

(d) When amounts on the holder's report or amounts remitted from the holder are not comparable to reports received from like holders; and

(e) When information is provided by other governmental agencies or reliable sources that a holder may be holding unclaimed property that has not been reported.

(4) At the completion of an examination a statement of examination findings and proposed adjustments shall be delivered to the holder. The statement shall be delivered by the department by hand or by certified mail. The statement shall contain sufficient information to make the holder aware of his reporting obligations and legal options.

(5) The holder shall have thirty (30) days in which to review the examination findings and proposed adjustments to the findings. No later than thirty (30) days of the date of the statement, the holder shall cause to be generated an amended annual report. If the holder disagrees on the facts, he shall file an official written protest within the thirty (30) day period or the amount as set out by the statement will become absolute and final and be immediately due and payable. The protest shall be filed with the department and shall set out a clear and concise assignment of any error alleged to have been committed by the department in its examination or its statement. The holder may request an administrative hearing in its protest. (21 Ky.R. 684; 1281; eff. 10-12-1994; Crt eff. 6-12-2019.)